

**STATE OF MINNSSOTA
DEPARTMSNT OF COMMERCE**

BULLETIN 91-6

**Issued this 27th day of
November, 1991**

TO: ALL MINNESOTA MEDICARE SUPPLEMENT INSURERS

I. POLICY PROVISIONS

Because Minnesota Law already contained substantially all the provisions required by the federal OBRA 1990 act and as Minnesota opted out of the provisions of OBRA which would have required using ten policy forms instead of our current two, relatively few changes were needed to bring your policies into compliance with the 1991 legislative change. If you have not already filed amended policies you should immediately do so as the effective date for these changes was November 5, 1991 and any sales made of policies not in compliance with those changes are in violation of Minnesota law.

A policy must now contain the following additional requirements:

- A. Coverage for 80% of the usual and customary hospital medical expenses and supplies incurred as a result of a medical emergency during travel outside the United States.
- B. Suspension of the policy for up to 24 months while the policyholder is entitled to medical assistance and automatic reinstatement when medical assistance is terminated. Reinstatement is effective as of the date of termination provided notice of loss of entitlement is made within 90 days thereafter. No additional requirements may be imposed upon reinstatement.
- C. The written application statement required by Minnesota Statutes §62A.43 must now also include notification of the right to counseling services available in this state in regard to the purchase of Medicare Supplement policies and enrollment under the Medicaid program.

- D. The policy may not contain any pre-existing condition limitation or discriminate as to price or other provisions of the policy where an application is submitted during the six month period beginning when an individual first enrolls for benefits under Medicare Part B. It should also be noted that this year the limitations of the application of the Minnesota Medicare Supplement Law to persons 65 and older was removed so this provision and all other provisions of the law are applicable to persons of any age who are sold Medicare Supplement policies.
- E. In the case of replacement of a Medicare Supplement policy, the replacing policy must waive all time periods in regard to pre-existing conditions, waiting periods, elimination periods and probationary periods to the extent they have already been satisfied under the original policy.
- F. Policies must guaranty renewability. The only basis for cancellation of a Medicare Supplement policy is for non-payment of premium or material misrepresentation. If group insurance is terminated the insurer must provide individual Medicare Supplement policies or continuation in the group.

The provisions of Minnesota law as to Medicare Supplement insurance were clarified to assure that they apply to all policies sold to Minnesota residents or offered to Minnesota residents.

The complete text of all the required changes can be found in Laws of Minnesota 1991, Chapter 129.

II. PHYSICIANS LIMITING CHARGES

The Department is currently reviewing and will continue to review the practices of Medicare Supplement insurers in regard to the use or abuse of physicians limiting charges. Several states have already taken action in regard to improper practices which violate instances the terms of the contract or those state's Unfair

Claims Settlement or Trade Practices Acts. Each company should immediately review its policies and its practices to make sure that it conforms with applicable law and cease any further violations.

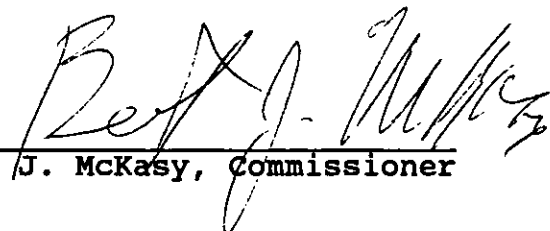
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Bert J. McKasy, Commissioner